

# ECONOMIC DEVELOPMENT ADMINISTRATION

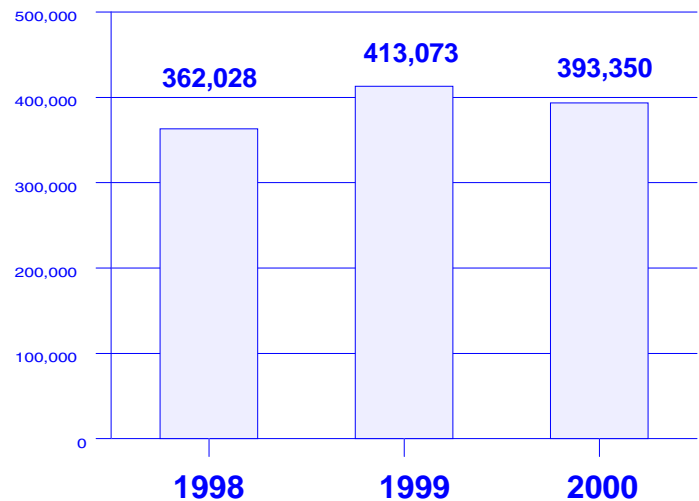
The Economic Development Administration (EDA) provides a broad range of economic development funding and assistance to stimulate employment and increase income in distressed communities, promoting greater national productivity and balanced economic growth. EDA responds to community needs and priorities that create private sector jobs and leverage private capital. EDA carries out its Economic Development Assistance Program (EDAP) through a network of headquarters and regional personnel, working with local leaders to identify and fund high priority projects in the neediest communities. EDA's foremost objective has been and continues to be to create a climate conducive to the development of private enterprise in America's distressed communities.

EDA is presenting its FY 2000 Budget Request under the mantle of its recent reauthorization. During the second session of the 105<sup>th</sup> Congress, Congress passed legislation to reauthorize EDA's programs, the first time in 18 years. The new legislation, the Economic Development Administration and Appalachian Regional Development Reform Act of 1998, encourages cooperation among Federal agencies, and provides for long-needed improvements that strengthen EDA's economic development tools through changes that lessen burdens on applicants, facilitate program delivery, and enhance program flexibility to address the needs of the Nation's most distressed communities.

EDA programs serve our nation's most distressed communities. In FY 2000, EDA grants will continue to assist communities characterized by high unemployment, low

## EDA Funding

(Dollars in Thousands)



growth rate, loss of jobs, out-migration, defense adjustment, and long-term economic deterioration. EDA proposes to realign its traditional budget structure to emphasize its EDA's customers and their needs while retaining familiar program categories. The traditional programs: Public Works, Planning, Technical Assistance, Research, Trade Adjustment Assistance, Economic Adjustment, and Defense Economic Adjustment Assistance are now folded under each of the new categories described below.

**Community and Regional Economic Enhancement** serves as a catalyst for assisting distressed communities in achieving their long-term economic potential which is based upon locally and regionally developed priorities. EDA, working in partnership with other Federal agencies, state and local governments, regional economic development districts, public and private non-profit organizations and Indian Tribes, serves as a catalyst for assisting distressed communities in achieving their long-term competitive economic potential through strategic investment of resources. EDA provides investments in a variety of geographical areas. Criteria for eligibility relate to such general indicators of distress as substantial and persistent unemployment levels, low incomes, and slow job growth. A number of additional, more specialized criteria may also qualify an area for assistance, such as base closures, natural disaster, or long-term loss of economic activity. EDA investments will be concentrated on projects for construction or expansion of community infrastructure and development facilities which include water and sewer systems that support industrial parks and skill training facilities, business development assistance,



economic development planning and implementation, technical assistance and revolving loan funds.

**Community Economic Adjustment** provides technical assistance to U.S. firms and industries economically injured as a result of international trade competition.

**The Disaster Mitigation and Economic Recovery** program provides long-term economic recovery assistance to communities adversely impacted by major catastrophic disasters. In major disaster situations, these programs will allow EDA to provide the planning and business recovery assistance critically needed prior to passage/availability of any additional emergency supplemental appropriations.

Through a coordinated, comprehensive information-gathering and distribution process, the EDA **National Program Analysis and Information Consolidation** program will serve as the agency's conduit and repository for best practices in economic development.

EDA's goal is to promote economic development in distressed areas, as measured by new private investment, new and saved jobs, and increased local tax bases, all geared towards increased productivity and global competitiveness. As it strives to support this goal, EDA continues a series of evaluations to gauge the effectiveness of its efforts. The first evaluation, undertaken by Rutgers University, confirmed substantial, positive outcomes as a result of EDA investments.

## Measures and Targets Summary

### Goal

Create jobs and private enterprise in economically distressed communities

### Measure

Permanent jobs created or retained

Private dollars invested

State and local matching funds committed for EDA projects

Percent of public works and economic adjustment construction and revolving loan fund grants in areas of highest distress

Application process time for grants

Build community capacity to achieve and sustain economic growth

Percent of clients rating technical assistance received as a 7 on a 1 to 10 scale

Percent of clients rating trade adjustment assistance received as a 7 on a 1 to 10 scale

## EDA Performance Measures

EDA performance measures focus on long-term outcomes, and our performance goals are developed through systematic program evaluations (e.g., Rutgers et al.) that document the long-term results of EDA investments in distressed areas. For example, FY 2000 grants for public works and revolving loan fund projects are expected to create or retain 66,753 jobs by FY 2009.

EDA is developing a reporting system to track long-term outcomes (e.g., job creation and retention, private sector investment) reported by grantees over a period of years following grant award and project completion. FY 2000 grantees will report on program outcomes in 2003, 2006 and 2009. Similarly, outcomes for FY 1999 grant awards will be reported in 2002, 2005, and 2007. EDA introduced reporting requirements in FY 1997, but most of these grantees will not start reporting until the year 2000. In the interim, EDA is conducting pilot reviews of earlier projects (e.g., FY 1993 grant awards) to validate targets and train EDA staff and grantees on valid methods for reporting and verifying outcome data.

To supplement the long-term measures, EDA has developed a set of interim and process measures that can be used by managers on regular basis to set targets and track performance in critical areas that affect program outcomes (e.g., targeting investments to areas of highest distress and improving the quality and timeliness of EDA assistance). The interim measures will ensure annual reporting to gauge progress toward long-term goals.

### Target

6,675 by FY 2003  
33,376 by FY 2006  
66,753 by FY 2009

\$0.19 billion by FY2003  
\$0.95 billion by FY2006  
\$1.98 billion by FY2009

\$114 million by FY2000

20% for FY 2000

80% for FY 2000

75% by FY 2000

75% by FY 2000

<b><u>Goal</u></b>	<b><u>Measure</u></b>	<b><u>Target</u></b>
Build community capacity to achieve and sustain economic growth	Number of research and technical assistance results published or presented nationally each year	5 annually
	Percent of local technical assistance and economic adjustment strategy grants in areas of highest distress	20% for FY 2000
	Percent of local jurisdictions contributing financial support for regional economic development planning	75% by FY 2000

## SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

### **Funding Levels**

			2000	Increase
Appropriation	<u>1998</u>	<u>1999</u>	<u>Estimate</u>	<u>(Decrease)</u>
Salaries and Expenses	\$21,028	\$24,000	\$28,971	\$4,971
EDAP	342,000	368,379	364,379	(4,000)
<b>TOTAL APPROPRIATION</b>	<b>363,028</b>	<b>392,379</b>	<b>393,350</b>	<b>971</b>

### Transfer To:

EDA S&E from Revolving Fund (P.L. 105-119)	3,000	0	0	0
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### Transfer From:

Revolving Fund to: (P.L. 105-119)

EDA S&E (3,000)

GA S&E (1,000)

Transfer of Y2K Funds (P.L. 105-277)		694	0	(694)
Transfer from Agriculture (P.L. 105-277)		20,000	0	(20,000)

<b>TOTAL BUDGET AUTHORITY</b>	<b>362,028</b>	<b>413,073</b>	<b>393,350</b>	<b>(19,723)</b>
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### PERMANENT POSITIONS

Salaries and Expenses	253	261	265	4
EDAP	0	0	0	0
<b>Total</b>	<b>253</b>	<b>261</b>	<b>265</b>	<b>4</b>

# HIGHLIGHTS OF BUDGET CHANGES

## APPROPRIATION: Salaries and Expenses

### *Summary of Requirements*

	<u>Detailed</u>		<u>Summary</u>	
	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>
<b>1999 Enacted</b>			261	\$25,594
<b>Adjustments to Base</b>				
<b><u>Adjustments</u></b>				
Non-recurring items			0	(1,594)
<b><u>Other Changes</u></b>				
1999 Pay raise	0	\$159		
2000 Pay raise	0	507		
Payment to the Working Capital Fund	0	31		
Within-grade step increases	0	133		
Civil Service Retirement and Disability Fund	0	0		
Civil Service Retirement System (CSRS)	0	(45)		
Federal Employees' Retirement System (FERS)	0	56		
Thrift Savings Plan	0	11		
Federal Insurance Contributions Act (FICA) - OASDI	0	33		
Health insurance	0	30		
Employees' Compensation Fund	0	31		
Travel	0	20		
Rent payments to GSA	0	64		
Postage	0	1		
FTS	0	20		
Printing and reproduction	0	4		
Other services:				
Working Capital Fund	0	105		
Commerce Administrative Management System (CAMS)	0	(162)		
NARA Storage and Maintenance	0	34		
General Pricing Level Adjustment	0	23		
Subtotal, other cost changes			0	1,055
Less Amount Absorbed			0	(118)
<b>TOTAL, ADJUSTMENTS TO BASE</b>			0	(657)
<b>2000 Base</b>			261	24,937
Program Changes			4	4,034
<b>2000 APPROPRIATION</b>			265	28,971

## Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
<b>DIRECT OBLIGATIONS</b>								
Salaries and expenses	261	\$26,177	261	\$24,937	265	\$28,971	4	\$4,034
<b>TOTAL DIRECT OBLIGATIONS</b>	261	26,177	261	24,937	265	28,971	4	4,034
REIMBURSABLE OBLIGATIONS	7	1,460	7	760	7	760	0	0
<b>TOTAL OBLIGATIONS</b>	268	27,637	268	25,697	272	29,731	4	4,034
<b>FINANCING</b>								
Unobligated balance, start of year	0	(3,083)			0	(2,500)		
Offsetting collections from:								
Federal funds	(7)	(1,460)			(7)	(760)		
Unobligated balance, end of year	0	2,500			0	2,500		
Subtotal, financing	0	(2,043)			0	(760)		
<b>TOTAL BUDGET AUTHORITY</b>	261	25,594			265	28,971		
Transferred from other accounts	0	(1,594)			0	0		
<b>TOTAL APPROPRIATION</b>	261	24,000			265	28,971		

## Highlights of Program Changes

	<b>Base</b>		<b>Increase / Decrease</b>	
	Permanent Positions	Amount	Permanent Positions	Amount
<u>Salaries and Expenses</u>	261	\$24,937	4	+\$4,034

An increase is requested in Salaries and Expenses to fully fund through regular appropriations the agency's current programs and to provide adequate staffing for new responsibilities in community and economic adjustment and disaster assistance (+4 pos.; +\$4,034). These resources will enable staff to effectively manage appropriations increases achieved since FY 1993 in response to natural disasters and defense downsizing which have created an extensive portfolio of about 1,900 active, open economic development projects valued at about \$1.0 billion.

# APPROPRIATION: Economic Development Assistance Programs

## Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>
<b>1999 Enacted</b>			0	387,479
<b>Adjustments to Base</b>				
<b><u>Adjustments</u></b>				
Non-recurring items				(19,100)
<b>2000 Base</b>			0	368,379
Program Changes			0	(4,000)
<b>2000 APPROPRIATION</b>			0	364,379

## Comparison by Activity

	<u>1999 Currently Avail</u>		<u>2000 Base</u>		<u>2000 Estimate</u>		<u>Increase / Decrease</u>	
	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>
<b>DIRECT OBLIGATIONS</b>								
Community and Regional Economic Enhancement	0	\$353,899	0	\$353,899	0	\$346,899	0	(\$ 7,000)
Public Works	0	[205,850]	0	[205,850]	0	[191,178]	0	[-14,672]
Planning	0	[24,000]	0	[24,000]	0	[29,671]	0	[5,671]
Technical Assistance	0	[7,999]	0	[7,999]	0	[10,000]	0	[2,001]
Economic Adjustment Assistance	0	[31,250]	0	[31,250]	0	[51,250]	0	[20,000]
Defense Economic Adjustment	0	[84,800]	0	[84,800]	0	[64,800]	0	[-20,000]
Community Economic Adjustment	0	9,500	0	9,500	0	12,000	0	2,500
Trade Adjustment Assistance	0	[9,500]	0	[9,500]	0	[12,000]	0	[2,500]
National Program Analysis and Information Consolidation	0	1,601	0	1,601	0	2,101	0	500
Technical Assistance	0	[1,101]	0	[1,101]	0	[1,601]	0	[500]
Research and Evaluation	0	[500]	0	[500]	0	[500]	0	[0]
Disaster Mitigation and Economic Recovery	0	3,379	0	3,379	0	3,379	0	0
Economic Adjustment Assistance	0	[3,379]		[3,379]		[3,379]	0	[0]
Hurricanes Andrew/Fran/Hortense	0	2,284						
1996 Floods	0	24						
Upper Midwest Floods	0	12,016						
Tri-State Floods	0	1,439						
Defense Adjust/Miss. Inst./City of Hes	0	1,106						
Alaska	0	19,100						
<b>TOTAL DIRECT OBLIGATIONS</b>	0	404,348	0	368,379	0	364,379	0	(4,000)
REIMBURSABLE OBLIGATIONS		600		0		0	0	0
<b>TOTAL OBLIGATIONS</b>	0	404,948	0	368,379	0	364,379	0	(4,000)
<b>FINANCING</b>								
Unobligated balance, start of year	0	(16,869)						
Offsetting collections from:								
Federal funds	0	(600)			0	0		
Subtotal, financing	0	(17,469)			0	0		
<b>TOTAL BUDGET AUTHORITY</b>	0	387,479			0	364,379		
Transferred from other accounts	0	(19,100)			0	0		
<b>TOTAL APPROPRIATION</b>	0	368,379			0	364,379		

## Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>Permanent Positions</u>	<u>Amount</u>	<u>Permanent Positions</u>	<u>Amount</u>
<u>EDAP</u>	0	\$368,379	0	-\$4,000

A net decrease is requested for EDAP (0 pos.; -\$4,000). Within this amount, an increase is requested in Economic Adjustment to help distressed communities recover from sudden and/or severe economic downturns such as those caused by increased foreign imports, international trade agreements, industry downsizings, plant closings, environmental regulations, and natural disasters. A portion of this increase will be used to assist the Northeast region with economic diversification and financial restructuring necessitated by Federal restrictions imposed on the fisheries industry. EDA will provide assistance to adversely impacted fishermen and communities in the Northeast in the form of planning and technical assistance grants, grants to revolving loan funds, and public works construction grants (0 pos.; +\$20,000). An increase is requested for Planning to increase support of the nationwide network of Economic Development Districts and tribal planning organizations serving areas of high economic distress or to establish new organizations in distressed areas of the country currently not receiving local economic development assistance (0 pos.; +\$5,671). An increase is requested for Technical Assistance to expand the University Center program by establishing five to seven new University Centers in FY 2000, and a portion of the increase will be allocated to EDA regional offices to start additional University Centers in underserved areas (0 pos.; +\$2,501). Lastly, an increase is requested for Trade Adjustment Assistance to provide direct technical assistant to trade-impacted firms (0 pos.; +\$2,500).

A decrease is proposed for Public Works. However, this program will remain the mainstay of EDA's traditional programs for assisting economically distressed areas (0 pos.; -\$14,672). Although a decrease is proposed for Defense Economic Adjustment, EDA will continue to deliver economic development assistance to the most significantly impacted communities, EDA expects that funding requirements will decline (0 pos.; -\$20,000). These decreases will not hinder EDA program effectiveness or delivery. Instead, the strategic targeting of resources will enable EDA to focus on the Nation's neediest communities.